

# REFORMA GESTIUNII DE PERSONAL ÎN CONTEXTUL GUVERNANȚEI INTEGRATE A SOCIETĂȚII

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## THE PERSONNEL MANAGEMENT REFORM IN THE CONTEXT OF THE GOVERNANCE BEING INTEGRATED WITHIN THE SOCIETY

### Abstract

The current economic crisis, experienced worldwide, proves the necessity of a well done government, by strong implication from the local and regional authorities from each county, in compiling and executing community strategies (that already exist at an European level), having an essential part in executing the economical revival program.

In order to achieve this objective, authorities must have qualified and motivated personnel through an adequate compensation, depending on their aptitudes, responsibilities and especially considering their individual performances, the same way it happens in most of the developed countries in the European Union.

This study approaches the problems referring to the conception of some flexible norms which rule over the personnel management in the public sector by using decentralization and development of new working places, by improving and revising the entire labor legislation in Romania.

**Keywords:** governance, human resources' management, flexibility, decentralization, and payroll.

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### Rezumat

Criza economică actuală, manifestată la nivel mondial, scoate în evidență necesitatea unei bune guvernante, prin implicarea susținută a autorităților locale și regionale, din fiecare țară, în conceperea și execuția strategiilor comunitare (existente la nivel european), acestea având un rol esențial în execuția planului de redresare economică.

Pentru îndeplinirea acestui obiectiv, autoritățile trebuie să dispună de personal calificat și motivat corespunzător, printr-o recompensare adecvată, în funcție de aptitudinile, responsabilitățile și mai ales performanțele individuale, așa cum se întâmplă în majoritatea țărilor dezvoltate ale Uniunii Europene.

Lucrarea de față abordează problematica referitoare la conceperea unor norme flexibile ce guvernează gestiunea de personal, în sectorul public, prin intermediul descentralizării și dezvoltării de noi forme de muncă, prin îmbunătățirea și revizuirea întregii legislații a muncii din România.

**Cuvinte cheie:** guvernanta, gestiunea resurselor umane, flexibilitate, descentralizare, salarizare

## 1. THE GOVERNANCE AT EUROPEAN LEVEL

In the opinion of the high European representatives, the governance is one of the main keys of success in the European integration process. This opinion was shared by all countries members of the European Union, Romania being also a member. Europe will be strong, its institutions will be legitimate, its politics will be efficient, its citizens will feel implicated and considered, if its governance way will guarantee the cooperation between different power levels, in order to apply the community agenda and in order to answer the global challenges.

It must be done, from the very beginning, the distinction between government (cabinet), government and governance. One might say that the last one (governance) is a different kind of government. The government is an alternative to the governmental action which regards the public space power (re)distribution through a (re)negotiation of authority and an incremental approach of the decision within partner networks: social partnerships (government – employers - syndicate), public-private partnership (state - business environment partnership) or civil partnership (public authorities – civil society): (Munteanu, 2010)

The actual world crisis brings into attention the importance of a good governance, especially on an European level, and also the need of a continuous implication from the local and regional authorities in conceiving and applying community strategies, considering that these apply almost 70% of the community legislation and therefore play an essential part in executing the economical revival plan<sup>1</sup>. From this perspective, one might say that the economic crisis is a test for the European integration process, from which Romania is also a part, according to the conclusions drawn by the European Summit of the regions and cities in Prague (March 5 – 6, 2009), the main challenge being the Union's capacity to coordinate the political action in order to support the economical revival by proposing a more equilibrated alternative for a durable development and territorial cohesion, through the cooperation between different factors and the direct implication of the local and regional authorities and also to apply the public – private partnership.

In this context, we can say that multi-level governance serves essential objectives of the European Union: an Europe belonging to the citizens, economic growth and social progress, sustainable development and the European Union's role on the world stage. It strengthens the democratic dimension of the European Union and increases its processes' efficiency.

It is known that multi-level governance has now become a prerequisite for a good European governance.

In 2001, in the White Book on European Governance, the European Commission sets out five principles on which a good governance is based: openness, participation, responsibility, efficiency and coherence. Multi-level governance ensures the implementation of these principles, it continues and completes them.

The implementation of multi-level governance is based on the subsidiarity principle, which avoids the decisions' concentration at a single power level and guarantees the development and implementation of policies at the most suitable level. The subsidiarity principle and multi-level governance are inseparable: one refers to different levels of government powers, the other emphasizes the interaction between them.

The union's capacity to perform tasks and achieve community objectives depends on its institutional organization, but especially on its way of governance. Legitimacy, efficiency and visibility of the community performance are guaranteed by the contribution of all actors and through the participation of local and regional authorities as real 'partners' and not just as intermediaries. The partnership goes beyond participation and consultation and favors a more dynamic approach and strong accountability of different actors. Multi-level governance stake lies in the complementarity and interdependence between institutional governance and governance partnership.

Multi-level governance is not limited to the transformation of the European local or national objectives into a local or regional action, but it must be understood as an integration process of the local and regional authorities' objectives into the European Union's strategies. In addition, multi-level governance should have to strengthen and shape local and regional powers at national level and ease their participation in the European policy coordination, thus facilitating the development and implementation of the community policies.

As part of the 80<sup>th</sup> plenary session of the Regions' Committee (competent body of the European Union) held last year, it has committed to initiate a consultation process of the member states in order to create a BOOK of the European Union regarding the implementation of multi-level governance. This would establish the principles and means of accomplishing a common and shared understanding of European governance, by being in accordance with the principle of subsidiarity, which would support the local and regional governance and the decentralization process in the member states, the candidate countries and neighboring countries and which would ensure the political will to respect the autonomy of local and regional authorities and their involvement in European decision making process.

Also the Regions' Committee recommends the accomplishment of European territorial pacts in order to apply EU's objectives and political priorities, based on partnerships with local and regional authorities and at the same time, it calls upon the interested authorities to show their interest in the consultations regarding the implementation of the White Book.

Also, several key issues which are recommended by the Regions' Committee, as a EU competent organism for implementing multi-level governance, refer to:

- strengthening the partnership practice, both vertically (local, regional and national government, EU) and horizontal (regional and local authorities, civil society), especially in the social dialogue;
- simplifying and streamlining the administrative procedures, in order to create a legal, administrative and financial framework suitable for innovative activities;
- strengthening the administrative capacities of the local and regional authorities in order to ensure a good and practical management, according to the EU standards, within the regional and local governance;
- a better economical increase and employment policies' coordination at different levels of government. In this context, an economical increase and employment policy becomes necessary to be integrated at all levels.

## 2. HUMAN RESOURCES AND THEIR MANAGEMENT IN THE CONTEXT OF EFFICIENCY INCREASE NEEDED FOR THE ROMANIAN PUBLIC ADMINISTRATION

Based on studies done in previous years, on the Romanian public sector, in terms of how the available human resources are managed and used, I have reached the following conclusions (Manole, 2008):

- a) In the context of a governance integrated within the Romanian society, the flexible politics for human resources management must be primary by developing new forms of labor in the public institutions which exist both to a central level, and especially local, and by reviewing all labor laws.

Unfortunately, in the year 2010, the public position in Romania is facing serious strategic problems in personnel management, having a long way to go in order to achieve flexibility. The lack of flexibility in many of the Romanian public institutions is due to the bureaucratic structures that are responsible in

most cases, of the stiffness of the forementioned authorities and institutions, of their inability to change and become efficient.

The public authorities and local institutions' management has often proven to be inefficient regarding the establishment, in defining in a flexible way the concrete objectives which aim to the human resource, available to them and to which European funds are assigned. These objectives should have been defined, in my opinion, depending on the particularities of each field (area, territory) and a strategy for competition and own sustainable development. Especially because, according to the Romanian public administration reform strategy, for 2008-2013, drawn up at central level, the strengthening and development of the human resources segment represents a strategic objective, in order to modernize and efficientize the business administration at the central level, and especially at a local level;

- b) In the context of achieving a low level of budgetary expenses as required by the current economic crisis, I believe that the main solution in order to achieve and increase the flexibility that governs over the personnel management in the public sector is the decentralization, meaning conceiving a decentralized model which sustains and promotes a better capitalization of the public money. As noted above, a good governance at European level will support the local and regional governance and also will support the decentralization process in the states members of the European Union, of which Romania is also a part.

The personnel management, in the Romanian public sector, means diminishing the centralized control, by transferring the management activities to different public organisms, and also by transferring competences towards the responsible personnel within the operative services.

From the perspective of the human resources' management, the personnel's management reform has the following components (Manole, 2009):

- Improving the recruiting and selection process for human resources;
- A better professional career planning (introducing new flexible career patterns, similar to those of the other European Union countries);
- Improving personnel training (continuous training programmes, to all levels);
- Promoting rewards based on the achieved results and with the responsibility level, in order to remove inefficient actions and to increase the public workers' responsibility level regarding the assumed politics.

I consider that payroll (part of the Romanian public sector) is an important mean influencing the public worker, to motivate and train them in supplying quality services, both central and locally.

In the Romanian public sector (ministries and public interest institutions, financial administrations, courts of law, police offices, city halls, etc) it is well known that a fundamental condition of it's reform consists of creating a career system which will attract, considering the payroll system, but also by granting some guarantees in terms of planning and building a career, the possibility of earning prestige and creating a real professional mobility.

### **3. THE PAYROLL SISTEM'S REFORM FOR THE PERSONNEL PAID FROM PUBLIC FUNDS – MAJOR COMPONENT OF THE ROMANIAN BUDGETARY SECTOR'S REFORM**

The deep economic crisis in which the Romanian society finds itself today, highlights the importance of an integrated governance and also the permanent intervention of the local authorities in executing the economical revival plan, together with conceiving and performing communitary strategies. In order to achieve this, the local authorities must have qualified and motivated personnel, through an adequate payroll, depending on the aptitudes, responsibilities and individual performances, just as it happens in most developed countries members of the EU.

Following the researches made in the previous years (Manole, 2008), I have noticed some significant differences between the payroll systems that exist in the EU countries and the one that exists in the Romanian public system, which is directly reflected in the lack of motivation and low personnel performance, with immediate effects on the local public sector's competitiveness, both reported to the private sector, but also to the European sector.

For example, an European public worker's salary package consists of the base salary plus other benefits (Manole, 2008):

- Paid annual leave and vacation bonus;
- Scientific title bonus;
- Overtime bonus;
- Delegated attribution's bonus;
- Information confidentiality bonus;
- Meal tickets;

- Clothing funds (uniform if the case);
- Christmas bonus;
- Jubilee prizes for permanent activity in the public administration's system, etc.

Considering all the components of the salary package granted to the European public workers, we might say that some of these material rights can also be found in our country's legislation.

Regarding the quantum of these salary rights, they are different from one country to the other, within the European Union, also having significant differences between the salary levels and the other remuneration rights given to the Romanian public workers and the European public workers.

According to the new actual legislative norms in Romania, regarding the unitary payroll for the personnel paid from the public funds, through which is intended to achieve the regulation of the budgetary personnel's remuneration, reported to the performed work, experience and professional competence, responsibility and work's social importance, the gained results, etc, the payroll system contains the base salaries, bonuses, awards, incentives and other rights. In order to avoid misunderstandings, 'other salary rights' refer to the following components:

- Annual leave;
- Supplementary vacation, paid if some special family events will occur (marriage, childbirth, decease of the husband/wife annual medical check, etc.);
- Providing home service and reimbursing the travel costs for the public worker and his family members, if he/she will move to an authority or public institution from another city;
- Study leave, etc.

In other words, the base salary becomes the main element of the salary earning and will be accomplished by including in the base salary some bonuses with general character.

The labor condition's bonuses will continue to be paid separately.

The sum of the given bonuses, added on the total credit indicator, cannot represent more than 30% of the corresponding fund allocated to the salary expenses (see the F.M.I. memorandum).

In order to accomplish the 30% of the bonuses in the salary gain, on the total budgetary personnel, there have been included in the base salary, apart from the general bonuses (elderly bonus, health prevention bonus, neuropsychical overload, specific to the education system and other similar) other bonuses belonging to some activity fields – such as confidentiality bonus, fidelity bonus, stability bonus,

electromagnetic radiation bonus, etc. The legislative wanted to achieve through the new unitary payroll law, a new hierarchy of the base salaries between different areas of activity, but also within the same area, reported to the complexity and importance of each developed activity. This hierarchy was based on several evaluation criterias, some of them being presented previously in the current study.

Implementing the new payroll system, through which the budgetary personnel's remuneration system reform is intended, will be made in stages, therefore:

- Upon passing from the current system to the new payroll system it will be considered that no person will have a gross salary decrease that they currently benefit of, according to the current regulations;
- From the financial point of view, the stage implementation of the new legislation will be made within the limits drawn by the amounts available through the annual laws of the consolidated budget. The financial impact upon the general consolidated budget, both in short term (2010), and also on long term (2010 – 2015) of the new budgetary personnel's payroll legislation, targets:
  - a) The percentage of total salary expenses from PIB, as follows:
    - year 2010 - 8.34%;
    - year 2011 - 7.97%;
    - year 2012 - 7.30%;
    - year 2013 - 6.70%;
    - year 2014 - 6.30%;
    - year 2015 - 5.90%.
  - b) Also, the value of the 1.00 coefficient will have the following evolution:
    - year 2010 - 705;
    - year 2011 - 765;
    - year 2012 - 845;
    - year 2013 - 935;
    - year 2014 - 1015;



- year 2015 - 1100 lei.
- The salary increases within the system will be established according to the financial resources, not by the automatic application of the hierarchic coefficients;
- The way in which the amounts are granted, by the annual laws of the consolidated budget, will be distributed on budgetary personnel categories and payroll levels will be established through special annual laws of implementing the legislation;
- In the year 2010 the entire budgetary personnel will be re-assigned in positions, professional grades, according to the new legislation, by introducing in the base salary the bonuses that were granted before the law was applied, meaning, according to each case, of allowances, which, according to the law, were part of the gross salary according to the current legislation and which are found in the hierarchical coefficients, according to each position.

Through the new provisions regarding the budgetary personnel's payroll it was considered simplifying the system by reducing the number of degrees and professional steps to a maximum of 3 for each position, comparing to 5, as it were until recently to the most contractual positions.

According to the new legislation, the report between the minimum gross salary and the medium gross earnings will increase in such a manner that in 2015 it will reach 50%.

In accomplishing this report it was considered:

- The tri-parties (Tripartit) agreement, signed in 2008 with social partners, regarding the minimum base salary's evolution for the period 2009 – 2015;
- The Governmental Committee of the European Revised Social Book's conclusions, therefore in stages, the report between the minimum gross salary and the medium gross earning will reach the 50% target in 2015.

The new unitary law for the Romanian budgetary personnel's payroll is close in principle to the norms which exist at the European level. In this context, I would like to remind the fact that the European principles ruling over the payroll systems and which determine that the public sectors within those countries, to be competitive with the private ones, and mainly take into consideration the following aspects (Manole, 2008):

- Insuring a transparent and intelligible payroll system;
- The payroll system must be as easy as it can be ;

- In order to supply quality services, it is mandatory to recruit and maintain the personnel with a motivating salary;
- The payroll system must be directly connected to the objective evaluation of the public workers from the responsibility, abilities and necessary aptitudes' point of view;
- Insuring an indemnity reward payment system for those public workers which are released from their position for a reason that cannot be imputed to them;
- The payroll system must be in direct connexion with the labor and services rendered;
- The payment must be equitable, which mean fulfilling three conditions:
  - internal position equity, meaning the payroll for the public workers who hold different positions within the same organization;
  - individual internal equity which means the payroll for the public workers who hold similar positions in the same institution or public authority;
  - external equity, which means the payroll for own employees with those from other institutions or public authorities, for similar positions.

Few of these principles, which can be found to the European level can also be found in the new unitary payroll law for the budgetary personnel from the Romanian public system, as follows:

- competition reported to the labor market, in order to attract competent personnel and maintaining the advanced budgetary personnel;
- transparency – the mechanism through which the base salary is established and the other payroll rights to be transparent and easy to understand;
- equity – the system must insure equal opportunities and equal remuneration for equal labor value (according to the equal labor principle, equal salary);
- compatibility with the decentralization's principles, stated in the current legislation;
- making the difference between the base salary (start-up), reported to the level at which the activity is being rendered, especially to the central, territorial or local level;
- financial sustainability – the salary costs must fit the budget, and the salary increases will be made according to the macroeconomical indicators' evolution and social indicators, etc.

#### 4. CONCLUSIONS

The new unitary law's impact for the Romanian budgetary personnel in the public system is a positive one, from the low income citizens' perspective. The new normative act allows for the debutant personnel, accomplishing a much more attractive payroll, higher than the existing one.

The new normative act regarding the unitary payroll for the personnel paid from the public funds is compatible (especially from a primary point of view) with the communitary legislation and does not have any breach to the current European regulations.

At the same time, we might say that there are, in the new normative act, several controverted aspects, to which the social partners (unions) have promptly reacted following that they will be clarified and solutioned within the next period. Also, there were several retains and critics mentioned by the specialists of the new budgetary personnel's payroll law (Manole, 2008). For example, the specialists from the Public Politics' Institute (I.P.P.) have looked with schepicism the possibility of creating an authentic law for the budgetary personnel's payroll.

Following the analysis made by the I.P.P.'s specialists, a few major aspects have resulted, which characterized the payroll system from the public sector, meaning:

- the public workers and the contractual personnel from the local administration are definately paid lower than those from the central administration;
- there are some major discrepancies between the public workers' payroll and the contractual personnel. For the same attributions, competences and responsibilities, on identical positions, the public worker earns less than the contractual one ;
- the mayors from the local administration complain they have no bonuses and are now earning less than the directors subordinated. From an other point of view, the bonuses and different bonuses are mean instruments, because the professional performance evaluation is just a simple formality.

At the same time, the World Bank has criticized the Romanian Government beacuse it did not accomplished any detailed analysis regarding the budgetary sectors' payroll, for the last ten years. In one of its reports regarding the payroll procedures in the public sector, it shows that some employees cathegories such as policemen, health system employees and those from the teaching environment receive, constantly, higher salaries than the public workers and the contractual personnel. The answer given by the governmental officials was that by the new adapted unitary payroll law, in the budgetary

system there will be a settlement within limits closer to normal. What do we understand by 'limits closer to normal'? The answer to this question can be given as follows: the report between the minimum economy salary and the maximum base salary paid from public funds will be from 1 to 15, in such a way that it will get closer to the European practices. Also, the base salary will be the main element of the total income, representing at least 75% of it.

The most delicate and difficult aspect of elaborating the new law will be the one referring to hierarchising (ierarhizarea) the importance in the budgetary domains (Valentin Mocanu, State's Secretary for the Labor, Family and Social Protection's Ministry – M.M.F.P.S., 2009). In order to make a comparison, we might say that in the European countries, the practices referring to the public sector's personnel payroll are structured on a set of mandatory objectives, as follows:

1. the base salary is the main element of the total income, representing at least 90% from the total income;
2. the payroll level in the public services are smaller compared to the positions in the private sector. They vary from one country to the other, but mainly reach approximately 60 – 80% out of the payroll levels from the private sector;
3. the bonuses do not have a regular practice. Where they exist, they are limited to approximately 10 – 20% out of the base salary;
4. bonuses are usually financed from the budget allowances. The saved money from the unoccupied positions cannot be used to pay the bonuses for the personnel in position;
5. the salary structures are regularly based on a series of degrees which reflect the relative content of the labor, established on a result, responsibilities, knowledge and competences evaluation system;
6. there is just one gradation and payroll structure within every public service or occupational family (for example, health system workers, teachers, etc), which reflects the principle of equal payment for equal labor;
7. other benefits (houses, cars, mobile phones, etc.) are rare.

The main problem is that especially in multiple payroll domains and human resources in general, the Romanian public administration is often facing the lack of trained specialists, competent specialists, from a technical and professional point of view, in order to promote the modernizing of the public position.

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